

DURHAM COUNTY POLICY ON FINANCING CAPITAL PROJECTS

Durham County recognizes the goal of the capital financing policy is to provide for the adequate funding of the county's capital program while avoiding erratic increases and decreases in the county's property tax rate. Thus, a capital financing plan for the payment of debt related to projects financed by long-term borrowing shall be updated annually.

The county currently dedicates the following revenues to the payment of debt and pay-as-you-go (County contribution) capital projects:

Article 40 and Article 42 one-half cent sales taxes;

The county's share of the occupancy tax;

Countywide property taxes;

The appropriate pro rata share of the retail/wholesale tax reimbursement;

Enterprise revenues.

The county reserves up to twenty percent (20%) of these annually dedicated revenues for pay-as-you-go projects. In addition, the pay-as-you-go policy restricts dedicated property tax revenue to 20% of a maximum of five cents in countywide property taxes. The portion of annual revenues reserved for pay-as-you-go is decreased to 4.5% for the FY 2003-04 adopted budget.

Investment earnings on unexpended debt proceeds shall be restricted to the payment of debt. Investment earnings on amounts restricted for the payment of debt and pay-as-you-go funds shall bear the same restrictions as the principal amounts generating these investment earnings.

Excess funds, if available, within the debt service fund may be used to provide advance funding for capital projects pending bond sale or loans to the equipment-leasing fund. Such advances or loans would be repaid with interest based on the monthly yield of the North Carolina Cash Management Trust short-term investment fund.

This policy applies to the governing board and administration of the county and may be revised from time to time by the governing board, as it deems appropriate to meet the changing needs of the county for capital financing.